

Complete set  
NSC cards  
as taken to  
meeting by DCT.  
Rum

01 NOV 1955 15:17Z

COMMUNIST ECONOMIC PENETRATION CAMPAIGN

I. Large, shrewd Communist campaign in under-developed areas--Near East, Middle East, South Asia, and Southeast Asia--underway, using economic penetration to further foreign policy objective of intervening openly in free world affairs.

A. Total value of Communist credits to free world may well reach \$400 million or \$450 million within the next six months. (FACT CARD "A")

1. This figure includes known contracts for arms, signed contracts and other non-military projects already underway, and those firm Communist offers which seem most likely to be accepted.

2. This campaign dates roughly from spring 1954. It is continuing.

~~TOP SECRET~~

---

~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

There is no assurance that all deals are known to Western intelligence agencies.

B. Should the Communists offer Egypt \$275 million or \$300 million worth of goods and services to help with the Aswan high dam project, the total of Communist credits would be around \$700 million.

1. It is known that in response to Egyptian initiative the USSR has offered to help on this project, and there are firm reports that the terms would be easy and attractive.
2. \$275-300 million is what Egypt would need from foreign sources in any case; there is one press report that the USSR has offered this amount.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

---

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~  
C. Reports of new Communist offers to free world nations are received almost daily. However, the offers considered within the range of the above figures include only those on which negotiations are well along and those which seem likely to be consummated.

II. Most dramatic phase of campaign is swift conclusion of arms deals in the Near and Middle East.

A. Egyptians are now committed for Bloc arms for at least \$115 million, and negotiations are underway to bring the total to \$160 million, possibly even more. (FACT CARD "B")

B. Syria on verge of first contract with Czechs for about 75 T-34 tanks, spare parts, and ammunition worth \$5,900,000.

C. Afghans have made cash deal with Czechs for \$3 million worth of arms which are reportedly now being delivered.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

D. Reports of further Bloc offers persist.

1. Jordan reportedly offered arms to stay out of Baghdad pact.
2. Yemen reportedly will accept Soviet offers, if made.
3. Saudi Arabia reportedly has offers and Saudi money known to be involved in Syrian arms deal, may be involved in Egyptian purchases.
4. Czech arms merchants have toured Egypt, Iraq, India, Afghanistan, Burma.
5. Czech arms mission en route to Ecuador.

III. Besides arms deals, contracts have been signed and work is actually underway on projects using Bloc credits, personnel, and equipment to the amount of \$45.6 million.

(FACT CARD "C")

A. Other deals seem close to fruition.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

~~TOP SECRET~~

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

1. For example, India, which has accepted \$5.6 million in Bloc credits to date, may soon be involved for about \$110 million.

IV. Communist motivation is clearly political. India and Egypt are major targets; Afghanistan may be most imminent victim.

A. Contracts for diamond mining equipment (Panna Diamond Syndicate) and Bhilai steel plant seem most certain for near future. Other projects already underway. (FACT CARD "D")

1. Diamond mining deal would give Bloc source of industrial diamonds. Bloc has none of its own.

B. There are many other firm Bloc offers which may be settled in connection with or as result of Bulganin-Khrushchev visit and other Bloc visitors. (FACT CARD "E")

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

C. Czech delegation arrived India 6 Novem-

ber with offer to help India's second five-year plan which begins 1 April 1956.

1. Dvorak, Czech minister of foreign trade, said that his country considered capital investment abroad tantamount to economic interference internal affairs. He suggested Czechs would rather offer equipment and would retain no hold over part of Indian economy.

D. Bloc influence has made itself felt in Indian planning circles.

1. In response Indian request, USSR sent *14* high-level economists and mathematicians, including one former GOSPLAN member, to Indian Statistical Institute in November 1954. They stayed until September this year.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

2. Poland sent Oscar Lange, top

economic planner. He plans to  
return.

V. Growing economic ties with Bloc and anti-Pakistan policy make Afghanistan most immediately susceptible Soviet blandishments.

A. Afghans have already accepted credits worth \$11.8 million from Czechs and Soviet Union.

1. There are other offers reported.

(FACT CARD "F")

B. 127 Soviet technicians in Afghanistan in August.

C. Trade with West Germany now passing both ways through USSR, - reportedly cheaper and faster than old routes through Pakistan.

1. Afghans taking steps to see bulk foreign trade in future moves same way.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

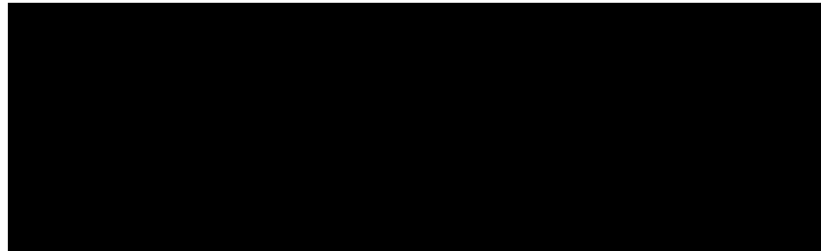
~~TOP SECRET~~



~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

D. Former president Helmand Valley Author-

ity says USSR has offered take over this large irrigation and power project, finish construction, and pay off US loan. (Export-Import Bank loan of \$39.2 million at 3 1/2 and 4 1/2 percent.)



25X1X6

E. Bulganin and Khrushchev now slated to stop over Kabul for about one week on return trip to USSR.

F. Afghans seeking strenuously to develop independence of Pakistan, mainly through promoting closer ties with Soviet bloc.

1. Prime Minister Daud, who controls government and is more favorably

inclined Soviet bloc than other

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4  
Afghan leaders, seeking approval

his anti-Pakistan policies from  
Grand Assembly of Tribes (Loe  
Jirga).

FYI

(King Zahir Shah may be able to  
forestall specific endorsement  
Daud's "pro-Soviet" policies by  
using President Eisenhower's re-  
cent letter offering help. Jirga  
will in any event probably endorse  
call for independent Pushtoonis-  
tan. Afghans may also promptly  
ask US for support against Pakis-  
tan.)

VI. Current Communist campaign shows skill in  
adapting to local conditions, willingness  
to promise even greater effort, speed in  
execution. The bloc enjoys propaganda ad-  
vantage of appearing to step up offers to  
coincide with decreases in Western sources  
of external aid.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

A. Czechs evidently chosen - possibly at meeting in Prague in April - to spearhead campaign in Arab world.

1. Two immediate objectives:

- a. To nullify Western-sponsored mutual defense planning.
- b. To encourage emergence of neutralist bloc which would permit Bloc voice in area affairs.

B. Recent tours of Bloc by persons from underdeveloped countries has impressed experts as well as diplomats with Soviet "sincerity."

C. Communist offers are attractive because they are on easy terms and because the recipients can see no visible strings.

1. Most Bloc offers are at nominal interest rates (2 - 2 1/2 percent)

on easy payments.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

They are often deferred, with payments in soft (local) currencies or traditional exports.

2. Governments are not asked to sign political or military commitments.
3. Countries with ambitious development programs and unsalable surpluses see a ready market in the Bloc and a chance to get capital equipment and arms.
4. While countries can save foreign exchange and hard currencies, the USSR builds up credits in soft currencies.

a. This is a war chest which may be used within the country as the Communists see fit.

D. Soviet leaders told [REDACTED] in July 1954 that it would not be long before Soviet industry was strong

25X1X6

enough to contribute to development of  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4  
Asian nations.

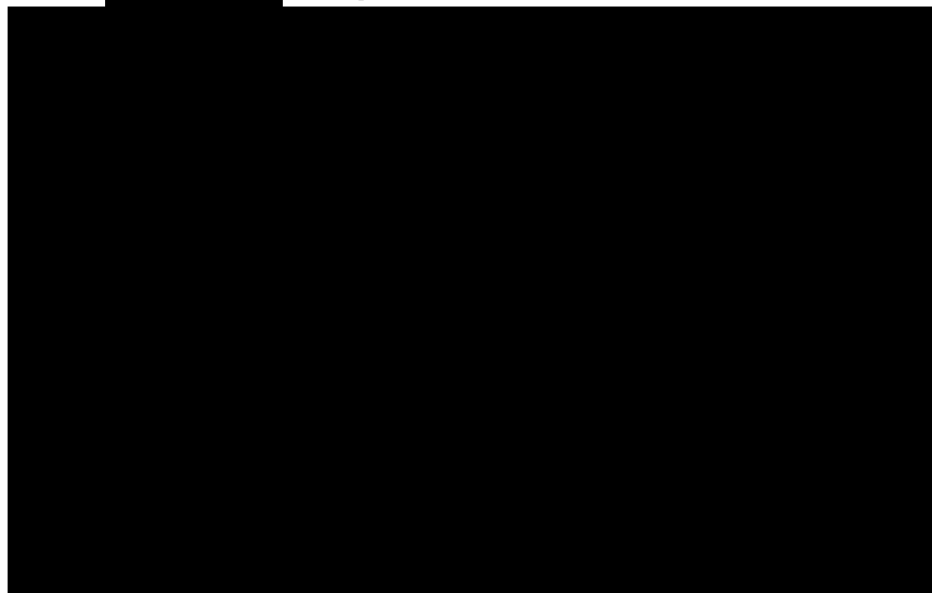
1. Confirmed by Khrushchev [REDACTED]

25X1X6

25X1X6

[REDACTED] July 1955.

25X1X6



E. Except for the steel mill offer, Bloc offers are not in competition with their own industrial requirements and priorities. Moreover, the Bloc offers are not give-aways. They expect economic as well as political payments for their credits.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

VII. Besides arms deals with Arabs and strong push against Indian and Afghanistan, the Communist effort can be seen in other forms throughout the Middle East and Asia and in Latin America.

A. In Egypt, Communist contracts including projects under construction total \$10,995,000. There is a further offer worth \$1,200,000. Any offer on the Aswan high dam would be in addition to above. (FACT CARD "G")

B. Syria has been offered projects worth \$67,920,000, of which the bulk is a Polish offer to help build a 500 kilometer railroad at an estimated cost of \$65,000,000. (FACT CARD "H")

C. In Indonesia, Communist contracts and projects underway total \$16,600,000. There are offers for \$6,000,000 more. (FACT CARD "I")

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

D. Turkey has received offers worth

\$3,175,000. (FACT CARD "K")

E. Lebanon has received offers worth

\$3,000,000. (FACT CARD "L")

F. Sudan has received offers worth

\$3,150,000.

G. In Iran, the Czechs have completed a

sugar factory worth an estimated

\$650,000. No further Communist offers  
have been reported.

H. East Germany has offered to build a

cement plant for Saudi Arabia of an  
estimated value of \$5,000,000. No  
other offers are known.

I. The Bloc is meeting considerable suc-  
cess in expanding trade and diplomatic  
relations with Latin America.

1. Latin American trade with the bloc  
in 1954 more than four times same  
trade in 1953. (FACT CARD "M")

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

2. Hungary seeking open network

commercial agencies.

3. Poland wants expand trade with  
Brazil.

4. Poland reported making "unbeliev-  
ably" favorable offers to Ecuador.

5. Soviet export drive aimed at  
Argentina, primarily to reduce  
USSR's deficit.

VIII. Chinese Communist part is impossible to  
estimate in precise figures, but it  
appears to fit the general pattern of  
economic means to gain a political end.

A. Chinese Communists in deal with Egypt  
gave 60,000 tons of steel products and  
wheat for Egyptian cotton.

B. Peiping buys rice extensively in  
Southeast Asia, particularly from Bur-  
ma. China does not need this rice.

C. Peiping pays a premium price for Cey-  
lonese rubber and buys more than it



FACT CARD "A"

	TOTALS
Communist credits for arms	\$124 - 170,000,000*
Communist credits for signed contracts and projects under way	45,000,000/
Communist credits offered on deals under negotiation and considered likely	229,000,000/
TOTAL	* \$400,000,000

If higher Egyptian figure used, total is \$445,000,000.

\*\$124,000,000 / if Egyptian total is \$115,000,000.

\$170,000,000 if Egyptian total is \$160,000,000.

\* apart from High Dam -

~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

FACT CARD "B"

Additional orders placed in late October and early November raised Egyptian bill for Soviet bloc arms to equivalent of \$115,000,000. Further Egyptian negotiations with the Bloc are underway with Egypt considering spending a total of \$160,000,000, possibly more.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4  
~~TOP SECRET~~

---

Sanitized - Approved For Release : ~~TOP SECRET~~ CIA-RDP80R01443R000400200003-4

FACT CARD "C"

Signed contracts with Bloc, including  
projects now underway:

India	\$5,600,000
Afghanistan	11,800,000
Egypt	11,000,000
Indonesia	16,600,000
Iran	<u>650,000</u>
	\$45,650,000

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~TOP SECRET~~

FACT CARD "D"

INDIA

Signed contracts, including projects now under  
construction:

USSR----	Cement Plant	\$2,000,000 est.
Czech---	Suspension Bridge	1,000,000 est.
Czech---	Thermal Plant	600,000 est.
Czech---	Cement Plant	<u>2,000,000 est.</u>
	TOTAL	\$5,600,000

FACT CARD "E"

Offers to India.

USSR---Diamond Min. Equipment	\$7,000,000	
USSR---Coal Washing Plant	2,000,000	est.
USSR---Steel Mill Equipment	95,000,000	
USSR---Cotton Spinning Factory	1,000,000	est.
USSR---Brick Plant	100,000	est.
USSR---Manganese Ore Dressing Plant	150,000	est.
Czech----Camera Factory	250,000	est.
Czech----Coking Plant	13,000,000	
Czech----Sugar Plant	650,000	est.
Hungary--Wire Plant	50,000	est.
Hungary--Cement Plant	2,000,000	est.
E. Ger.--Cement Plant	2,000,000	est.
E. Ger.--Chemical Plant	500,000	est.
E. Ger.--Sugar Plant	350,000	est.
TOTAL	\$124,050,000	

FACT CARD "F"

AFGHANISTAN

Arms deal with Czechoslovakia           \$ 3,000,000

Other credits signed to date:

USSR-----\$6,800,000

Czech----- 5,000,000

(excluding arms)                               \$11,800,000

TOTAL           \$14,800,000

Firm projects under above credits are:

USSR----500,000 gallon gasoline  
          storage tank                               \$ 600,000

USSR----2-70,000 and 2-120,000  
          gallon tanks                               600,000est.

USSR----silos, flour mill, bakery           3,500,000

USSR----road-building, street-  
          paving                                       2,100,000

Czech---cement plant                               1,500,000

Czech---remaining credit which may  
          be allocated to glass  
          factory, cannery, etc.                       3,500,000

\$11,800,000

Offers

USSR gasoline pipeline                               700,000est.

Additional reported Czech credit offer of  
\$10,000,000 plus reported offer of \$5,000,000  
more.



FACT CARD "H"

SYRIA

Arms deal -- initial Czech  
contract  
Approx 75 T-34 tanks &  
spare parts. )  
Ammunition ) \$5,900,000

Offers

Poland----	500 km railroad	\$65,000,000 est.
Bulgaria--	Hydro turbine & generator	250,000 est.
Hungary---	Cement Plant	2,000,000 est.
Hungary---	Power Plant	670,000 est.
	TOTAL	<u>\$67,920,000</u>



~~TOP SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4  
FACT CARD "I"

INDONESIA

Signed contracts, including projects now  
under construction:

East Germany--Sugar Factory	\$13,000,000
Czech-----Radio Factory	600,000 est.
Czech-----Pharmaceutical Plant	<u>3,000,000 est.</u>
TOTAL	\$16,600,000

Offers:

Rumania-----Cement Mill	5,000,000
Hungary-----Elec. Power Plants	<u>1,000,000 est.</u>
TOTAL	\$6,000,000

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4  
~~TOP SECRET~~

FACT CARD "K"

TURKEY

Offers

USSR-----Wheat Mill	\$ 20,000 est.
USSR-----Macaroni Factory	22,500
USSR-----Brick Factory	1,600,000 est.
Czech-----Thread Factory	1,200,000 est.
E. Ger.-----Elec. Materials Plant	136,000
E. Ger.-----Spinning Mill Equip.	47,000
Hungary-----Power Plant	<u>150,000 est.</u>
TOTAL	\$3,175,500

FACT CARD "L"

LEBANON

No known signed contracts.

Offers:

E. Ger.---	Cement Plant	\$1,000,000
Czech-----	Porcelain Factory)	1,000,000 est.
"	-----Crystal Factory )	(all three)
"	-----Glass Factory )	
Hungary---	Cement Plant	<u>1,000,000 est.</u>
	TOTAL	\$3,000,000

FACT CARD "M"

Latin American exports to Bloc	\$190,632,000
" " imports from "	<u>109,978,000</u>
Total Trade with Bloc 1954	\$300,610,000

Latin American exports to Bloc	\$38,400,000
" " imports from "	<u>31,300,000</u>
Total Trade with Bloc 1953	\$69,700,000

FACT CARD "N"

SOVIET COMMITMENTS WITHIN THE COMMUNIST BLOC  
(since 1946)

1. Credits to European

Satellites .....\$1.3 billion

Communist China ..... 430 million

\$1.73 billion

(\$600 million still owed USSR; to be  
paid by 1965)

2. Soviet gift to North

Korea.....\$100 million

Chinese gift to North

Korea..... 340 million

\$440 million

3. Soviet military and economic aid, in

addition to above sums, to Communist

China--est. \$500 million to \$1 billion.

4. North Vietnam  
USSR  
China

100 million  
325 million

*BEST COPY*  
**ODS**  
*AVAILABLE*  
**EXTREMELY POOR**  
**ORIG.**

(FROM P. 31 THRU P. 67)

### COMMUNIST ECONOMIC PENETRATION CAMPAIGN

I. Large, shrewd Communist campaign in under-developed areas--Near East, Middle East, South Asia, and Southeast Asia--underway, using economic penetration to further foreign policy objective of intervening openly in free world affairs.

A. Total value of Communist credits to free world may well reach \$400 million or \$450 million within the next six months. (FACT CARD "A")

1. This figure includes known contracts for arms, signed contracts and other non-military projects already underway, and those firm Communist offers which seem most likely to be accepted.

2. This campaign dates roughly from spring 1954. It is continuing.

There is no assurance that all

deals are known to Western intelligence agencies.

B. Should the Communists offer Egypt \$275 million or \$300 million worth of goods and services to help with the Aswan high dam project, the total of Communist credits would be around \$700 million.

1. It is known that in response to Egyptian initiative the USSR has offered to help on this project, and there are firm reports that the terms would be easy and attractive.
2. \$275-300 million is what Egypt would need from foreign sources in any case; there is one press report that the USSR has offered this amount.



C. Reports of new Communist offers to free

world nations are received almost daily. However, the offers considered within the range of the above figures include only those on which negotiations are well along and those which seem likely to be consummated.

II. Most dramatic phase of campaign is swift conclusion of arms deals in the Near and Middle East.

A. Egyptians are now committed for Bloc arms for at least \$115 million, and negotiations are underway to bring the total to \$160 million, possibly even more. (FACT CARD "B")

B. Syria on verge of first contract with Czechs for about 75 T-34 tanks, spare parts, and ammunition worth \$5,900,000.

C. Afghans have made cash deal with Czechs for \$3 million worth of arms which are reportedly now being delivered.

D. Reports of further Bloc offers persist.

1. Jordan reportedly offered arms to stay out of Baghdad pact.
2. Yemen reportedly will accept Soviet offers, if made.
3. Saudi Arabia reportedly has offers and Saudi money known to be involved in Syrian arms deal, may be involved in Egyptian purchases.
4. Czech arms merchants have toured Egypt, Iraq, India, Afghanistan, Burma.
5. Czech arms mission en route to Ecuador.

III. Besides arms deals, contracts have been signed and work is actually underway on projects using Bloc credits, personnel, and equipment to the amount of \$45.6 million.

(FACT CARD "C")

A. Other deals seem close to fruition.

1. For example, India, which has accepted \$5.6 million in Bloc credits to date, may soon be involved for about \$110 million.

IV. Communist motivation is clearly political. India and Egypt are major targets; Afghanistan may be most imminent victim.

A. Contracts for diamond mining equipment (Panna Diamond Syndicate) and Bhilai steel plant seem most certain for near future. Other projects already underway. (FACT CARD "D")

1. Diamond mining deal would give Bloc source of industrial diamonds. Bloc has none of its own.

B. There are many other firm Bloc offers which may be settled in connection with or as result of Bulganin-Khrushchev visit and other Bloc visitors. (FACT CARD "E")

C. Czech delegation arrived India 6 November with offer to help India's second five-year plan which begins 1 April 1956.

1. Dvorak, Czech minister of foreign trade, said that his country considered capital investment abroad tantamount to economic interference internal affairs. He suggested Czechs would rather offer equipment and would retain no hold over part of Indian economy.

D. Bloc influence has made itself felt in Indian planning circles.

1. In response Indian request, USSR sent 8 high-level economists and mathematicians, including one former GOSPLAN member, to Indian Statistical Institute in November 1954. They stayed until September this year.

2. Poland sent Oscar Lange, top economic planner. He plans to return.

V. Growing economic ties with Bloc and anti-Pakistan policy make Afghanistan most immediately susceptible Soviet blandishments.

A. Afghans have already accepted credits worth \$11.8 million from Czechs and Soviet Union.

1. There are other offers reported.

(FACT CARD "F")

B. 127 Soviet technicians in Afghanistan in August.

C. Trade with West Germany now passing both ways through USSR, - reportedly cheaper and faster than old routes through Pakistan.

1. Afghans taking steps to see bulk foreign trade in future moves same way.

D. Former president Helmand Valley Authority says USSR has offered take over this large irrigation and power project, finish construction, and pay off the loan. (Export-Import Bank loan of \$50.2 million at 3 1/2 and 4 1/2 percent.)

25X1X6

E. Bulganin and Khrushchev now slated to stop over Kabul for about one week on return trip to USSR.

F. Afghans seeking strenuously to develop independence of Pakistan, mainly through promoting closer ties with Soviet bloc.

G. Prime Minister Daud, who controls government and is more favorably inclined Soviet bloc than other

Afghan leaders, seeking approval  
his anti-Pakistan policies from  
Grand Assembly of Tribes (Loe  
Jirga).

**FYI**

(King Zahir Shah may be able to  
forestall specific endorsement  
Daud's "pro-Soviet" policies by  
using President Eisenhower's re-  
cent letter offering help. Jirga  
will in any event probably endorse  
call for independent Pushtoonis-  
tan. Afghans may also promptly  
ask US for support against Pakis-  
tan.)

VI. Current Communist campaign shows skill in  
adapting to local conditions, willingness  
to promise even greater effort, speed in  
execution. The bloc enjoys propaganda ad-  
vantage of appearing to step up offers to  
coincide with decreases in Western sources

A. Czechs evidently chosen - possibly at meeting in Prague in April - to spearhead campaign in Arab world.

1. Two immediate objectives:

a. To nullify Western-sponsored mutual defense planning.

b. To encourage emergence of neutralist bloc which would permit Bloc voice in area affairs.

B. Recent tours of Bloc by persons from underdeveloped countries has impressed experts as well as diplomats with Soviet "sincerity."

C. Communist offers are attractive because they are on easy terms and because the recipients can see no visible strings.

1. Most Bloc offers are at nominal interest rates (2 - 2 1/2 percent;

on easy payments.



They are often deferred, with payments in soft (local) currencies or traditional exports.

2. Governments are not asked to sign political or military commitments.
3. Countries with ambitious development programs and unsalable surpluses see a ready market in the Bloc and a chance to get capital equipment and arms.
4. While countries can save foreign exchange and hard currencies, the USSR builds up credits in soft currencies.

a. This is a war chest which may be used within the country as the Communists see fit.

25X1X6

D. Soviet leaders told [REDACTED] in July 1954 that it would not be long before Soviet industry was strong

Sanitized - Approved For Release : CIA-RDP80R01443R00040020003-4  
Asian nations.

1. Confirmed by Khrushchev [REDACTED]  
25X1X6

July 1955.

25X1X6

25X1X4

E. Except for the steel mill offer, Bloc offers are not in competition with their own industrial requirements and priorities. Moreover, the Bloc offers are not give-aways. They expect economic as well as political payments for their credits.

Sanitized - Approved For Release : CIA-RDP80R01443R00040020003-4

VII. Besides arms deals with Arabs and strong

push against Indian and Afghanistan, the Communist effort can be seen in other forms throughout the Middle East and Asia and in Latin America.

- A. In Egypt, Communist contracts including projects under construction total \$10,995,000. There is a further offer worth \$1,200,000. Any offer on the Aswan high dam would be in addition to above. (FACT CARD "G")
- B. Syria has been offered projects worth \$67,920,000, of which the bulk is a Polish offer to help build a 500 kilometer railroad at an estimated cost of \$65,000,000. (FACT CARD "H")
- C. In Indonesia, Communist contracts and projects underway total \$16,600,000. There are offers for \$6,000,000 more. (FACT CARD "I")

D. Turkey has received offers worth

\$3,175,000. (FACT CARD "K")

E. Lebanon has received offers worth

\$3,000,000. (FACT CARD "L")

F. Sudan has received offers worth

\$3,150,000.

G. In Iran, the Czechs have completed a

sugar factory worth an estimated

\$650,000. No further Communist offers

have been reported.

H. East Germany has offered to build a

cement plant for Saudi Arabia of an

estimated value of \$5,000,000. No

other offers are known.

I. The Bloc is meeting considerable suc-

cess in expanding trade and diplomatic

relations with Latin America.

1. Latin American trade with the bloc

in 1954 more than four times same

trade in 1953. (FACT CARD "M")

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

2. Hungary seeking open network commercial agencies.
3. Poland wants expand trade with Brazil.
4. Poland reported making "unbelievably" favorable offers to Ecuador.
5. Soviet export drive aimed at Argentina, primarily to reduce USSR's deficit.

VIII. Chinese Communist part is impossible to estimate in precise figures, but it appears to fit the general pattern of economic means to gain a political end.

- A. Chinese Communists in deal with Egypt gave 60,000 tons of steel products and wheat for Egyptian cotton.
- B. Peiping buys rice extensively in Southeast Asia, particularly from Burma. China does not need this rice.
- C. Peiping pays a premium price for Cey-

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

FACT CARD "A"

	TOTALS
Communist credits for arms	\$124 - 170,000,000*
Communist credits for signed contracts and projects under way	45,000,000/
Communist credits offered on deals under negotiation and considered likely	229,000,000/
TOTAL	\$400,000,000

If higher Egyptian figure used, total is \$445,000,000.

\*\$124,000,000 / if Egyptian total is \$115,000,000.

\$170,000,000 if Egyptian total is \$160,000,000.

FACT CARD "B"

Additional orders placed in late October and early November raised Egyptian bill for Soviet bloc arms to equivalent of \$115,000,000. Further Egyptian negotiations with the Bloc are underway with Egypt considering spending a total of \$160,000,000, possibly more.

FACT CARD "C"

Signed contracts with Bloc, including  
projects now underway:

India	\$5,600,000
Afghanistan	11,800,000
Egypt	11,000,000
Indonesia	16,600,000
Iran	<u>650,000</u>
	\$45,650,000



FACT CARD "D"

INDIA

Signed contracts, including projects now under construction:

USSR----	Cement Plant	\$2,000,000 est.
Czech----	Suspension Bridge	1,000,000 est.
Czech----	Thermal Plant	600,000 est.
Czech----	Cement Plant	<u>2,000,000 est.</u>
TOTAL		\$5,600,000

FACT CARD "E"

Offers to India.

USSR---Diamond Min. Equipment	\$7,000,000	
USSR---Coal Washing Plant	2,000,000	est
USSR---Steel Mill Equipment	95,000,000	
USSR---Cotton Spinning Factory	1,000,000	est
USSR---Brick Plant	100,000	est
USSR---Manganese Ore Dressing Plant	150,000	est
Czech---Camera Factory	250,000	est
Czech---Coking Plant	13,000,000	
Czech---Sugar Plant	650,000	est
Hungary---Wire Plant	50,000	est
Hungary---Cement Plant	2,000,000	est
E. Ger.--Cement Plant	2,000,000	est
E. Ger.--Chemical Plant	500,000	est
E. Ger.--Sugar Plant	350,000	est

TOTAL \$124,050,000

FACT CARD "F"

AFGHANISTAN

Arms deal with Czechoslovakia \$ 3,000,000

Other credits signed to date:

USSR-----\$6,800,000

Czech----- 5,000,000

(excluding arms)

\$11,800,000

TOTAL \$14,800,000

Firm projects under above credits are:

USSR----500,000 gallon gasoline  
storage tank \$ 600,000

USSR----2-70,000 and 2-120,000  
gallon tanks 600,000est.

USSR----silos, flour mill, bakery 3,500,000

USSR----road-building, street-  
paving 2,100,000

Czech---cement plant 1,500,000

Czech---remaining credit which may  
be allocated to glass  
factory, cannery, etc. 3,500,000

\$11,800,000

Offers

USSR gasoline pipeline 700,000est.

Additional reported Czech credit offer of  
10,000,000 plus reported offer of \$5,000,000  
more.

FACT CARD "G"

EGYPT

Arms deal (est.)                      at least \$115,000,000  
and as much as                      160,000,000

Signed contracts, including projects now  
under construction:

USSR-----Cement Factory	\$2,000,000 est.
USSR-----Fertilizer Plant	5,000,000 est.
USSR-----Butane Gas Plant	100,000 est.
Czech-----Shoe Factory	100,000 est.
Czech-----Swing Bridge	250,000 est.
Czech-----Bridge	95,000
Hungary--Bridge	3,200,000
E. Ger.--Transformer-distributor Station	250,000 est.
TOTAL	\$10,995,000

Offers:

USSR-----Aswan High Dam	\$275,000,000 est.
Czech-----Generators	1,200,000 est.
TOTAL	\$276,200,000

TOTAL	---	\$447,195,000
(without Aswan dam)	---	172,195,000
(using lower arms figures)	---	127,195,000

FACT CARD "H"

SYRIA

Arms deal -- initial Czech  
contract  
Approx 75 T-34 tanks &  
spare parts. )  
Ammunition ) \$5,900,000

Offers

Poland----	500 km railroad	\$65,000,000 est.
Bulgaria--	Hydro turbine & generator	250,000 est.
Hungary---	Cement Plant	2,000,000 est.
Hungary---	Power Plant	670,000 est.
	TOTAL	<u>\$67,920,000</u>

FACT CARD "I"

INDONESIA

Signed contracts, including projects now  
under construction:

East Germany--Sugar Factory	\$13,000,000
Czech-----Radio Factory	600,000 est.
Czech-----Pharmaceutical Plant	3,000,000 est.
TOTAL	\$16,600,000

Offers:

Rumania-----Cement Mill	5,000,000
Hungary-----Elec. Power Plants	1,000,000 est.
TOTAL	\$6,000,000

FACT CARD "K"

TURKEY

Offers

USSR-----Wheat Mill	\$ 20,000 est.
USSR-----Macaroni Factory	22,500
USSR-----Brick Factory	1,600,000 est.
Czech-----Thread Factory	1,200,000 est.
E. Ger.-----Elec. Materials Plant	136,000
E. Ger.-----Spinning Mill Equip.	47,000
Hungary-----Power Plant	150,000 est.
TOTAL	\$3,175,500

FACT CARD "L"

LEBANON

No known signed contracts.

Offers:

E. Ger.---	Cement Plant	\$1,000,000
Czech----	Porcelain Factory)	1,000,000 est.
"	-----Crystal Factory )	(all three)
"	-----Glass Factory )	
Hungary---	Cement Plant	<u>1,000,000 est.</u>
	TOTAL	\$3,000,000



FACT CARD "M"

Latin American exports to Bloc	\$190,632,000
" " imports from "	<u>109,978,000</u>
Total Trade with Bloc 1954	\$300,610,000

Latin American exports to Bloc	\$38,400,000
" " imports from "	<u>31,300,000</u>
Total Trade with Bloc 1953	\$69,700,000



BULGANIN-KHRUSHCHEV TRIP

Bulganin and Khrushchev will leave India about 1 December for one week stay in Burma; then to Afghanistan for several days.

- A. Reports of a subsequent stop at Cairo still unconfirmed.
- B. They are accompanied by high level staff especially qualified to discuss political, trade and cultural relations with South Asians.
- C. Delegation includes:

N. A. Mikhailov - Minister of Culture

A. A. Gromyko - First Deputy Foreign Minister

D. M. Komykin - Deputy Foreign Trade Minister

I. A. Serov - Head of the Committee of State Security (KGB)

D. R. Rasulov - Deputy Minister of  
Agriculture (native of  
Tadzik Republic)

Mme. Z. R. Rakhimbabayeva - First  
Deputy Minister of Culture  
of the Uzbek Republic

1. There are Uzbek and Tadzhik  
minorities in Afghanistan.

These are only the top members of the  
delegation. Press has reported the  
entire group numbers about 100.

- II. Bulganin and Khrushchev are visiting major  
cities of India (Bombay, Calcutta, Madras)  
and other show places.

- A. A good chance they will also visit  
Bhilai, apparently in anticipation of  
India's early acceptance of Soviet  
steel mill offer.

1. Soviet survey teams already on  
ground, and housing construction  
has been reported

...are there.

...is more interested in good relations with India than with any other country in the area.

Soviet leaders undoubtedly have arrived with a rash of offers for all three countries, especially economic and technical assistance. Bulganin has already publicly offered Soviet aid in developing Indian industry and atomic energy for peaceful purposes.

It is expected that the three states will be more susceptible to Soviet offers than previously because of particularly acute economic problems they face at present.

Also the lack of Soviet attempts to connect political strings to economic aid may be considered an advantage. It is no business with the

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

III. In any event, visit of Soviet leadership

will enhance Soviet influence in area

- A. Visit will lend cloak of respectability to communist policies and local Communist parties and open way for even further contacts between these countries and Soviet bloc.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

APPROX. 1000 EAST GERMANS

... introduced temporary...

... Berlin on Friday.

... inbound West German vehicles...

... searched at East-West German...

... for western publications...

... the border.

... German police climbed...

... in the...

... Berlin

... the...

... only...

... the...

... only...

... the...

... the...

... the...

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

B. About 42 percent total refugees cross directly into West Germany.

1. Thus, total refugee figure probably almost double that of Berlin count.

IV. East German propaganda threats against Berlin continue.

V. Morale continues low in East Germany.

A. Soviet attitude at Gostva has destroyed remaining hopes for re-unification.

B. Prospects for food shortages and for conscription this winter will further weaken morale.

C. Another 17 June not expected.

1. Instead of serious demonstrations, opposition will be reflected in continued high refugee flow, unless forcibly stemmed by East

German regime



THAILAND

Recent reports from Bangkok indicate Thai government reassessing its strong anti-Communist attitude.

- A. [REDACTED] Phibun in cabinet meeting advised modification tough Thai policy re Peiping.
- B. Also advocated greater independence of US, citing benefits to be derived from more neutral stand.
- C. Growing numbers officials said to fear Thailand's present attitude has been too inflexible in view fast-moving Asian events.

There are also reports USSR and Communist China recently active in encouraging Thai neutrality. 25X1D0a

B. TASS rep in Bangkok reported saying :

Phibun's planned trip to Burma should coincide with the visit and the leaders should "have a good talk."

C. Peking said he have offered to buy Thai products and invited Prince Bhumibol to visit China.

D. The Thai Embassy in Peking said that the Thai had to World Federation of United Nations Association meeting in Bangkok.

E. Indirect trade with Communist China flourishing and pressure for direct trade mounting.

III. While some weakening previous adamant Thai position expected, an abrupt or major change likely far present.

III. TASS rep in Bangkok reported saying  
Nikolov's planned trip to Burma should  
coincide Bulganin's visit and the leaders  
should "have a good talk."

IV. Nikolov said to have offered to try  
and persuade and invited Brin to  
Nikolov's wife to visit China.

V. Nikolov said to be helping other  
actions which went to World Federation  
for United Nations Association  
meeting in Bangkok.

VI. Indirect trade with Communist China  
increasing and pressure for direct  
trade mounting.

VII. While some warning previous against the  
position expected, an abrupt or major  
change likely for present.

THAILAND

I. Recent reports from Bangkok indicate Thai government reassessing its strong anti-Communist attitude.

25X1X4

- A. [REDACTED] Phibun in cabinet meeting advised modification tough Thai policy re Peiping.
- B. Also advocated greater independence of US, citing benefits to be derived from more neutral stand.
- C. Growing numbers officials said to fear Thailand's present attitude has been too inflexible in view fast-moving Asian events.

II. There are also reports USSR and Communist China recently active in encouraging Thai neutrality. 25X1D0a00200003-4

A. [REDACTED]

~~SECRET~~

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

B. TASS rep in Bangkok reported saying

Phibun's planned trip to Burma should coincide Bulganin visit and two leaders should "have a good talk."

C. Peiping said to have offered to buy Thai products and invited Prime Minister's wife to visit China.

1. She was cordial to Peiping delegation which went to World Federation United Nations Association meeting in Bangkok..

D. Indirect trade with Communist China flourishing and pressure for direct trade mounting.

III. While some weakening previous adamant Thai position expected, no abrupt or major change likely for present.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~SECRET~~

BERLIN AND EAST GERMANY

- I. Communists introduced temporary harassments around Berlin on Friday.
  - A. Eastbound West German vehicles were closely searched at East-West German border for Western publications for about six hours.
  - B. East German police clamped down on "reckless" driving by Western drivers on highways to Berlin.
  - C. Main ship canal between West Berlin and West Germany closed, evidently temporarily.
- II. Purpose is probably to assert East German authority over internal affairs.
- III. Last week's refugee flow into West Berlin increased over previous week from 3839 to 4450.
  - A. Weekly average since 1 July has been 3870.

~~SECRET~~

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

- B. About 42 percent total refugees cross directly into West Germany.
  - 1. Thus, total refugee figure probably almost double that of Berlin count.

IV. East German propaganda threats against Berlin continue.

V. Morale continues low in East Germany.

- A. Soviet attitude at Geneva has destroyed remaining hopes for re-unification.
- B. Prospects for food shortages and for conscription this winter will further weaken morale.
- C. Another 17 June not expected.
  - 1. Instead of serious demonstrations, opposition will be reflected in continued high refugee flow, unless forceably stemmed by East

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~SECRET~~

BULGANIN-KHRUSHCHEV TRIP

- I. Bulganin and Khrushchev will leave India about 1 December for one week stay in Burma; then to Afghanistan for several days.
  - A. Reports of a subsequent stop at Cairo still unconfirmed.
  - B. They are accompanied by high level staff especially qualified to discuss political, trade and cultural relations with South Asians.
  - C. Delegation includes:
    - N. A. Mikhailov - Minister of Culture
    - A. A. Gromyko - First Deputy Foreign Minister
    - P. M. Kумыkin - Deputy Foreign Trade Minister
    - I. A. Serov - Head of the Committee of State Security (KGB)



~~SECRET~~  
Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4  
D. R. Rasulov - Deputy Minister of

Agriculture (native of  
Tadzik Republic)

Mme. Z. R. Rakhimbabayeva - First  
Deputy Minister of Culture  
of the Uzbek Republic

1. There are Uzbek and Tadzhik  
minorities in Afghanistan.

These are only the top members of the  
delegation. Press has reported the  
entire group numbers about 100.

- II. Bulganin and Khrushchev are visiting major  
cities of India (Bombay, Calcutta, Madras)  
and other show places.

- A. A good chance they will also visit  
Bhilai, apparently in anticipation of  
India's early acceptance of Soviet  
steel mill offer.

1. Soviet survey teams already on  
scene, and housing construction  
activity has been reported.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~SECRET~~

- III. King said is to be in India while Soviet leaders are there.
- IV. Soviets more interested in good relations with India than with any other country in area.
- V. Soviet leaders undoubtedly have arrived with rash of offers for all three countries, especially economic and technical assistance. Bulganin has already publicly offered Soviet aid in developing Indian industry and atomic energy for peaceful uses. *Saturday USSR signed contract deliver several million dollars worth Cap goods to Burma for Rice.*
- VI. It is expected that the three states will be more susceptible to Soviet offers than previously because of particularly acute economic problems they face at present.
- A. Also the lack of Soviet attempts to attach political strings to economic assistance has convinced many Asians that they can do business with the Soviet Union without succumbing to

~~SECRET~~

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

VII. In any event, visit of Soviet leaders

will enhance Soviet influence in area.

- A. Visit will lend cloak of respectability to communist policies and local Communist parties and open way for even further contacts between these countries and Soviet bloc.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

~~SECRET~~

SC BRIEFING

21 November 1955

COMMUNIST ECONOMIC PENETRATION CAMPAIGN

1. Large, shrewd Communist campaign in under-developed areas--Near East, Middle East, South Asia, and Southeast Asia--underway, using economic penetration to further foreign policy objective of intervening openly in free world affairs.
  - A. Total value of Communist credits to free world may well reach \$400 million or \$450 million within the next six months. (FACT CARD "A")
    1. This figure includes known contracts for arms, signed contracts and other non-military projects already underway, and those firm Communist offers which seem most likely to be accepted.
    2. This campaign dates roughly from spring 1954. It is continuing.

There is no assurance that all

deals are known to Western intelligence agencies.

B. Should the Communists offer Egypt \$275 million or \$300 million worth of goods and services to help with the Aswan high dam project, the total of Communist credits would be around \$700 million.

1. It is known that in response to Egyptian initiative the USSR has offered to help on this project, and there are firm reports that the terms would be easy and attractive.
2. \$275-300 million is what Egypt would need from foreign sources in any case; there is one press report that the USSR has offered this amount.

C. Reports of new Communist offers to free world nations are received almost daily. However, the offers considered within the range of the above figures include only those on which negotiations are well along and those which seem likely to be consummated.

II. Most dramatic phase of campaign is swift conclusion of arms deals in the Near and Middle East.

A. Egyptians are now committed for Bloc arms for at least \$115 million, and negotiations are underway to bring the total to \$160 million, possibly even more. (FACT CARD "B")

B. Syria on verge of first contract with Czechs for about 75 T-34 tanks, spare parts, and ammunition worth \$5,900,000.

C. Afghans have made cash deal with Czechs for \$3 million worth of arms which are

**D. Reports of further Bloc offers persist.**

1. Jordan reportedly offered arms to stay out of Baghdad pact.
2. Yemen reportedly will accept Soviet offers, if made.
3. Saudi Arabia reportedly has offered and Saudi money known to be involved in Syrian arms deal, may be involved in Egyptian purchases.
4. Czech arms merchants have toured Egypt, Iraq, India, Afghanistan, Burma.
5. Czech arms mission en route to Ecuador.

**III. Besides arms deals, contracts have been signed and work is actually underway on projects using Bloc credits, personnel, and equipment to the amount of \$45.6 million.**

**(FACT CARD "C")**

**A. Other deals seem close to fruition.**

1. For example, India, which has accepted \$5.6 million in Bloc credits to date, may soon be involved for about \$110 million.

IV. Communist motivation is clearly political.

India and Egypt are major targets; Afghanistan may be most imminent victim.

- A. Contracts for diamond mining equipment (Panna Diamond Syndicate) and Bhilai steel plant seem most certain for near future. Other projects already underway. (FACT CARD "D")

1. Diamond mining deal would give Bloc source of industrial diamonds. Bloc has none of its own.

- B. There are many other firm Bloc offers which may be settled in connection with or as result of Bulganin-Khrushchev visit and other Bloc visitors. (FACT CARD "E")



C. Czech delegation arrived India 6 November with offer to help India's second five-year plan which begins 1 April 1956.

1. Dvůrak, Czech minister of foreign trade, said that his country considered capital investment abroad tantamount to economic interference internal affairs. He suggested Czechs would rather offer equipment and would retain no hold over part of Indian economy.

D. Bloc influence has made itself felt in Indian planning circles.

1. In response Indian request, USSR sent a high-level economists and mathematicians, including one former GOSPLAN member, to Indian Statistical Institute in November 1954. They stayed until September

2. Poland sent Oscar Lange, top economic planner. He plans to return.

V. Growing economic ties with Bloc and anti-Pakistan policy make Afghanistan most immediately susceptible Soviet blandishments.

A. Afghans have already accepted credits worth \$11.8 million from Czechs and Soviet Union.

1. There are other offers reported.  
(FACT CARD "F")

B. 127 Soviet technicians in Afghanistan in August.

C. Trade with West Germany now passing both ways through USSR, - reportedly cheaper and faster than old routes through Pakistan.

1. Afghans taking steps to see bulk foreign trade in future moves same way.

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

D. Former president Helmand Valley Authority says USSR has offered take over this large irrigation and power project, finish construction, and pay off US loan. (Export-Import Bank loan of \$39.2 million at 3 1/2 and 4 1/2 percent.)



25X1X6

E. Bulganin and Khrushchev now slated to stop over Kabul for about one week on return trip to USSR.

F. Afghans seeking strenuously to develop independence of Pakistan, mainly through promoting closer ties with Soviet bloc.

1. Prime Minister Daud, who controls government and is more favorably inclined Soviet bloc than other

Sanitized - Approved For Release : CIA-RDP80R01443R000400200003-4

Afghan leaders, seeking approval.

his anti-Pakistan policies from  
Grand Assembly of Tribes (Loe  
Jirga).

FYI

(King Zahir Shah may be able to  
forestall specific endorsement  
Daud's "pro-Soviet" policies by  
using President Eisenhower's re-  
cent letter offering help. Jirga  
will in any event probably endorse  
call for independent Pushtoonis-  
tan. Afghans may also promptly  
ask US for support against Pakis-  
tan.)

VI. Current Communist campaign shows skill in  
adapting to local conditions, willingness  
to promise even greater effort, speed in  
execution. The bloc enjoys propaganda ad-  
vantage of appearing to step up offers to  
coincide with decreases in Western sources

of external aid.

A. Czechs evidently chosen - possibly at meeting in Prague in April - to spearhead campaign in Arab world.

1. Two immediate objectives:

- a. To nullify Western-sponsored mutual defense planning.
- b. To encourage emergence of neutralist bloc which would permit Bloc voice in area affairs.

B. Recent tours of Bloc by persons from underdeveloped countries has impressed experts as well as diplomats with Soviet "sincerity."

C. Communist offers are attractive because they are on easy terms and because the recipients can see no visible strings.

1. Most Bloc offers are at nominal interest rates (2 - 2 1/2 percent on easy payments.

ments in soft (local) currencies or traditional exports.

2. Governments are not asked to sign political or military commitments.
3. Countries with ambitious development programs and unsalable surpluses see a ready market in the Bloc and a chance to get capital equipment and arms.
4. While countries can save foreign exchange and hard currencies, the USSR builds up credits in soft currencies.

a. This is a war chest which may be used within the country as the Communists see fit.

D. Soviet leaders told [REDACTED] in July 1954 that it would not be long before Soviet industry was strong enough to contribute to development of

25X1X6

Asian nations.

1. Confirmed by Khrushchev

25X1X6

25X1X6

July 1955.

25X1X6

E. Except for the steel mill offer, Bloc offers are not in competition with their own industrial requirements and priorities. Moreover, the Bloc offers are not give-aways. They expect economic as well as political payments for their credits.

push against Indian and Afghanistan, the Communist effort can be seen in other forms throughout the Middle East and Asia and in Latin America.

- A. In Egypt, Communist contracts including projects under construction total \$10,995,000. There is a further offer worth \$1,200,000. Any offer on the Aswan high dam would be in addition to above. (FACT CARD "G")
- B. Syria has been offered projects worth \$67,920,000, of which the bulk is a Polish offer to help build a 500 kilometer railroad at an estimated cost of \$65,000,000. (FACT CARD "H")
- C. In Indonesia, Communist contracts and projects underway total \$16,600,000. There are offers for \$6,000,000 more. (FACT CARD "I")



- D. Turkey has received offers worth \$3,175,000. (FACT CARD "K")
- E. Lebanon has received offers worth \$3,000,000. (FACT CARD "L")
- F. Sudan has received offers worth \$3,150,000.
- G. In Iran, the Czechs have completed a sugar factory worth an estimated \$650,000. No further Communist offers have been reported.
- H. East Germany has offered to build a cement plant for Saudi Arabia of an estimated value of \$5,000,000. No other offers are known.
- I. The Bloc is meeting considerable success in expanding trade and diplomatic relations with Latin America.
  - 1. Latin American trade with the bloc in 1954 more than four times same trade in 1953. (FACT CARD "M")

FACT CARD "A"

	TOTALS
Communist credits for arms	\$124 - 170,000,000*
Communist credits for signed contracts and projects under way	45,000,000/
Communist credits offered on deals under negotiation and considered likely	229,000,000/
TOTAL	\$400,000,000

If higher Egyptian figure used, total is \$445,000,000.

\*\$124,000,000 / if Egyptian total is \$115,000,000.

\$170,000,000 if Egyptian total is \$160,000,000.

FACT CARD "B"

Additional orders placed in late October and early November raised Egyptian bill for Soviet bloc arms to equivalent of \$115,000,000. Further Egyptian negotiations with the Bloc are underway with Egypt considering spending a total of \$160,000,000, possibly more.

FACT CARD "C"

Signed contracts with Bloc, including  
projects now underway:

India	\$5,600,000
Afghanistan	11,800,000
Egypt	11,000,000
Indonesia	16,600,000
Iran	<u>650,000</u>
	\$45,650,000

FACT CARD "D"

INDIA

Signed contracts, including projects now under construction:

USSR---Cement Plant	\$2,000,000 est.
Czech---Suspension Bridge	1,000,000 est.
Czech---Thermal Plant	600,000 est.
Czech---Cement Plant	<u>2,000,000 est.</u>
TOTAL	\$5,600,000

FACT CARD "E"

Offers to India.

USSR---Diamond Min. Equipment	\$7,000,000	
USSR---Coal Washing Plant	2,000,000	est.
USSR---Steel Mill Equipment	95,000,000	
USSR---Cotton Spinning Factory	1,000,000	est.
USSR---Brick Plant	100,000	est.
USSR---Manganese Ore Dressing Plant	150,000	est.
Czech---Camera Factory	250,000	est.
Czech---Coking Plant	13,000,000	
Czech---Sugar Plant	650,000	est.
Hungary---Wire Plant	50,000	est.
Hungary---Cement Plant	2,000,000	est.
E. Ger.---Cement Plant	2,000,000	est.
E. Ger.---Chemical Plant	500,000	est.
E. Ger.---Sugar Plant	350,000	est.
TOTAL	\$124,050,000	

FACT CARD "F"

AFGHANISTAN

Arms deal with Czechoslovakia	\$ 3,000,000
Other credits signed to date:	
USSR-----\$6,800,000	
Czech----- 5,000,000	
(excluding arms)	<u>\$11,800,000</u>
TOTAL	\$14,800,000

Firm projects under above credits are:

USSR----500,000 gallon gasoline storage tank	\$ 600,000
USSR----2-70,000 and 2-120,000 gallon tanks	600,000est
USSR----silos, flour mill, bakery	3,500,000
USSR----road-building, street-paving	2,100,000
Czech---cement plant	1,500,000
Czech---remaining credit which may be allocated to glass factory, cannery, etc.	<u>3,500,000</u>
	\$11,800,000

Offers

USSR gasoline pipeline	700,000est
------------------------	------------

Additional reported Czech credit offer of \$10,000,000 plus reported offer of \$5,000,000 more.

FACT CARD "G"

EGYPT

Arms deal (est.)                      at least    \$115,000,000  
and as much as    160,000,000

Signed contracts, including projects now  
under construction:

USSR-----Cement Factory	\$2,000,000	est.
USSR-----Fertilizer Plant	5,000,000	est.
USSR-----Butane Gas Plant	100,000	est.
Czech-----Shoe Factory	100,000	est.
Czech-----Swing Bridge	250,000	est.
Czech-----Bridge	95,000	
Hungary--Bridge	3,200,000	
E. Ger.--Transformer-distributor Station	250,000	est.
TOTAL	\$10,995,000	

Offers:

USSR-----Aswan High Dam	\$275,000,000	est.
Czech-----Generators	1,200,000	est.
TOTAL	\$276,200,000	

TOTAL	----	\$447,195,000
(without Aswan dam)	----	172,195,000
(using lower arms figures)	----	127,195,000



FACT CARD "H"

SYRIA

Arms deal -- initial Czech  
contract  
Approx 75 T-34 tanks &  
spare parts. )  
Ammunition ) \$5,900,000

Offers

Poland----	500 km railroad	\$65,000,000 est.
Bulgaria--	Hydro turbine & generator	250,000 est. 2,000,000 est.
Hungary---	Cement Plant	670,000 est.
Hungary---	Power Plant	
	TOTAL	\$67,920,000

FACT CARD "I"

INDONESIA

Signed contracts, including projects now  
under construction:

East Germany--Sugar Factory	\$13,000,000
Czech-----Radio Factory	600,000 est.
Czech-----Pharmaceutical Plant	<u>3,000,000 est.</u>
TOTAL	\$16,600,000

Offers:

Rumania-----Cement Mill	5,000,000
Hungary-----Elec. Power Plants	<u>1,000,000 est.</u>
TOTAL	\$6,000,000

TURKEY

Offers

USSR-----Wheat Mill	\$ 20,000 est.
USSR-----Macaroni Factory	22,500
USSR-----Brick Factory	1,500,000 est.
Czech-----Thread Factory	1,200,000 est.
E. Ger.-----Elec. Materials Plant	136,000
E. Ger.-----Spinning Mill Equip.	47,000
Hungary-----Power Plant	<u>150,000 est.</u>
TOTAL	\$3,175,500

FACT CARD "L"

LEBANON

No known signed contracts.

Offers:

E. Ger.---	Cement Plant	\$1,000,000
Czech---	Porcelain Factory)	1,000,000 est.
"	Crystal Factory )	(all three)
"	Glass Factory )	
Hungary---	Cement Plant	<u>1,000,000 est.</u>
	TOTAL	\$3,000,000

FACT CARD "M"

Latin American exports to Bloc	\$190,632,000
" " imports from "	<u>109,978,000</u>
Total Trade with Bloc 1954	\$300,610,000

Latin American exports to Bloc	\$39,400,000
" " imports from "	<u>31,300,000</u>
Total Trade with Bloc 1953	\$69,700,000

NSC BRIEFING

~~TOP SECRET~~

21 NOVEMBER 1955

FACT CARD "N"

SOVIET COMMITMENTS WITHIN THE COMMUNIST BLOC  
(since 1946)

1. Credits to European

Satellites .....\$1.3 billion

Communist China ..... 430 million

\$1.73 billion

(\$600 million still owed USSR; to be  
paid by 1965)

2. Soviet gift to North

Korea.....\$100 million

Chinese gift to North

Korea..... 340 million

\$440 million

3. Soviet military and economic aid, in

addition to above sums, to Communist

China--est. \$500 million to \$1 billion.

~~TOP SECRET~~